MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

DMG5034 – MANAGEMENT ACCOUNTING

(All Sections/Groups)

12 AUGUST 2022
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **4** pages with **4** questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided. Show workings where necessary.

QUESTION 1

The Blending Department of Fara Manufacturing Sdn. Bhd., has the following production data and manufacturing costs data for May 2022.

Manufacturing costs

Beginning work in process:		
Materials	RM6,000	
Conversion costs	8,360	
Total		RM14,360
Costs incurred during the month:		
Materials	RM12,000	
Conversion costs	15,000	
Total		RM27,000
		RM41,360

Production data

Beginning work in process	10,000 units
(Material 100% complete, conversion cost 70% complete)	
Units started into production	50,000 units
Units completed and transferred out	52,000 units
Ending work in process	8,000 units
(Material 100% complete, conversion cost 80% complete)	

Required

(a) State the characteristic of the products that use a Process cost system. (2 marks)

(b) Define the term "equivalent units of production" in the Process costing system. (2 marks)

(c) What are the **FOUR (4)** steps in the preparation of Production cost report? (2 marks)

(d) Prepare the Production cost report for the company. (19 marks)

(Total: 25 marks)

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QUESTION 2

Part A

Pilau Company has provided below information for their two-level of production.

	10,000 units produced		30,000 units produced	
	Total cost	Unit cost	Total cost	Unit cost
Rental	RM3,000	RM0.30	RM3,000	RM0.10
Direct material	RM50,000	RM5.00	RM150,000	RM5.00
Direct labour	RM120,000	RM12.00	RM360,000	RM12.00
Depreciation	RM2,500	RM0.25	RM2,500	RM0.08
Maintenance	RM105,000	RM10.50	RM305,000	RM10.17

Required

Classify the above cost as either variable, fixed or mixed. (5 marks)

Part B

Sky Company produces and sells calculators. Data for the product are given below.

Selling price	RM50
Variable costs per unit	RM30
Total annual fixed costs	RM600,000
Total sales for year 2021	45,000 units

Required

(a) Compute the contribution margin per unit and ratio. (4 marks)

(b) Compute the quantity the company must sell each month to break-even. Based on the current sales, did the company manage to achieve the break-even? (3 marks)

(c) Prepare a CVP Income Statement for year 2021. *Show workings where necessary.* (5 marks)

(d) Calculate the margin of safety in sales amount and ratio. (4 marks)

(e) If the company would like to earn RM500,000 net income, what is the required monthly sales in Ringgit Malaysia? (4 marks)

(Total: 25 marks)

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QUESTION 3

Tenda Medical manufactures and sells medical products. The company is preparing detailed budgets for the coming first quarter of the year 2023 and has assembled the following information to assist in the budget preparation:

(i) The budgeted sales in units for the first five months are as follows:

	January	February	March	April	May
Budgeted sales in units	40,000	60,000	50,000	80,000	70,000

(ii) The company desires an ending inventory of finished units on hand at the end of each month equal to 25% of the budgeted sales for the next month. The company had 8,000 units on hand as beginning inventory.

(iii) Seven kilograms of raw materials are required to complete one unit of product. The company requires an ending inventory of raw materials on hand at the end of each month equal to 10% of the production needs of the following month. The company had 30,000 kilograms of raw materials on hand as beginning inventory.

Required

(a) Define what is the master budget. (1 mark)

(b) Prepare the following budgets for the first quarter of year 2023, showing both monthly and total (quarterly) figures:

(1) A production budget. (11 marks)

(2) A direct material purchases budget. (13 marks)

(Total: 25 marks)

QUESTION 4

Part A

Novo manufactures and sells a product named Tamix. The company uses a standard cost system to control manufacturing costs. The standard unit cost of Tamix is based on static budget volume of 12,000 units per month.

Direct materials (5 kilograms @ RM2.50 per kilogram)	RM12.50
Direct labour (1 hour @ RM12 per hour)	12.00
Manufacturing overhead (RM3 per direct labour hour)	3.00
Total cost per unit	RM27.50

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Actual cost and production information for July are as follows:

a) Production and sales were 11,000 units.
b) Direct materials usage was 60,000 kilograms, at an actual price of RM2.30 per kilogram.
c) Direct labour usage of 10,800 hours at a total cost of RM135,000.
d) Manufacturing overhead cost was RM32,600.

Required

(a) Compute the total, price and quantity variance for direct materials. (9 marks)

(b) Compute the total, price and quantity variance for direct labour. (9 marks)

Part B

Sims Industries produces 6,000 units of part T20 that is used in its product. The following costs were incurred for that level of production:

Direct materials	RM60,000
Direct labour	12,000
Variable overhead	5,000
Fixed overhead	40,000

If Sims Industries buys the part T20 from an outside supplier for the price of RM17.50 per unit, they can save half of the fixed overhead.

Required

Prepare the incremental analysis for the decision to make or buy part T20. (7 marks)

(Total: 25 marks)

End of Paper